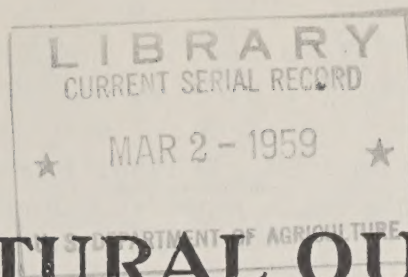


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Little change from 1957 in the average of prices received by farmers and the net income of farm operators is in the outlook for 1958.

These appear the most likely prospects for the coming year:

Supplies of farm products will continue heavy. Farm output next year probably will at least equal the 1957 record. Fewer acres are likely to go into the acreage reserve of the Soil Bank . . . a normal growing season would mean large crop production. Increasing hog, broiler and dairy production should push total live-stock marketings up a little. Stocks continue large though wheat, cotton and rice carryovers have been reduced.

Demand will continue at the high 1957 level. Growth in the economy slowed this year . . . a levelling off is in prospect for 1958. Business capital spending is likely to fall below 1957 but home construction is expected to be up. Government spending may hold at this year's figure. Consumer income and spending should continue high. All in all, not much change, one way or the other, is in view for either total demand or demand for food.

Charges for marketing food will rise a little more. Marketing charges and prices received by farmers both went up this year . . . farmers' share for foods in the "market basket" held at 40 cents, first year it had not declined since 1951. But next year, marketing costs may rise further . . . with farmers' prices likely to average about the same, farmers' share may drop some.

Exports will fall below 1956-57 peak but will stay high. Heavy exports of wheat, cotton and rice pushed 1956-57 total 35% above 1955-56 in value . . . 40% in volume. This fiscal year, exports of the 3 commodities will continue high but below 1956-57. Total also is likely to be down from last year but above 1955-56.

Prices paid by farmers will edge higher. They averaged $3\frac{1}{2}\%$ above year earlier first 10 months of this year. Increase in 1958 is likely to come mainly from higher interest, taxes and wage rates.

Demand and supply prospects indicate no big change in level of farmers' prices next year. Most significant changes in view are lower prices for wheat, due to lower support and likelihood of a large crop, and hogs because of larger production. Smaller slaughter is likely to bring higher beef cattle prices. Eggs also are likely to be up, particularly in the first half of year.

Gross income to farmers may be up a little in 1958. Farmers probably will sell a slightly larger volume at about the same average prices. Government payments probably will about equal those of 1957.

Gain in gross is likely to be about cancelled by higher costs . . . leaving net income of operators about unchanged. Net has increased the last 2 years from the 1955 postwar low.

Huge feed supply is a major factor in the outlook for 1958 and beyond. 1957 feed grain production was record. Piled on top of this is a 47 million-ton carry-over, biggest of record. Supplies of byproduct feeds are large. This year's hay crop was a record and pastures were generally good.

Feed grain crop exceeds probable use by about 10 million tons. Carryover October 1, 1958 is likely to be 57 million tons . . . enough to assure adequate feed grain supplies in 1958-59, even if 1958 growing season is poorest in half a century.

Growing feed grain supply has brought declining prices. Average to farmers in October was 12% below a year earlier, lowest in nearly 14½ years. Prices are likely to average lower in 1957-58 than last year.

Big supply of feed, relatively low-priced, is a powerful stimulant to livestock production. Danger is that farmers will convert this feed into more meat, milk and eggs than they can sell at profitable prices.

LIVESTOCK. Bigger hog production is in prospect for 1958. This fall's crop probably will be up around 3%. Reports from producers indicate farrowings in December-February, first half of next spring's season, will be up 7%. Prices probably will hold near 1957 levels first half of 1958. Lower prices are in prospect the second half . . . extent of decline depends mainly on size of spring crop.

Decline in cattle numbers which began last year probably will continue a year or two longer. Slaughter will decline until after numbers begin to rise. Cattle prices are likely to trend up most of this period if demand stays strong.

DAIRY. Another small increase in milk production is likely next year. Not much change in consumption per person is expected, supplies will again exceed demand and prices probably will hold at about support levels.

POULTRY AND EGGS. Reduction in number of layers probably means lower production, higher egg prices in the first half of 1958 than a year earlier. This may result in an increase in the number of chickens added to the laying flock in 1958. Broiler production probably will again trend up in 1958 but low prices this year may reduce turkey production.

FATS AND OILS. Supplies of food fats will continue large in 1957-58. With a record crop of soybeans and increasing milk production, supplies of vegetable oils and butter will be up while the lard supply will be about the same as in 1956-57. Domestic demand is expected to continue strong and exports probably will be near the record 1956-57 level. This fall and early winter, prices of vegetable oils probably will average below a year earlier . . . butter and lard about the same.

COTTON. U. S. mills are expected to consume about the same quantity of cotton in 1957-58 as in 1956-57--8.6 million bales. Exports are expected to fall in the 5 to 6 million bale range, well below the 7.6 million of last season. However, total disappearance is likely to exceed the reduced 1957 crop and a further reduction in carryover is likely by August 1, 1958.